

Message Text

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ACTION EUR-12

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TAGS: ETRD, EINV, FR

SUBJECT: GOF APPROVES CENTRONICS AND WANGCO INVESTMENT
APPLICATIONS; REFUSES DIGITAL EQUIPMENT COMPANY'S
APPLICATION

REF: (A) PARIS 19859, (B) PARIS 19112, (C) PARIS 17196,

(D) PARIS A-396, SEPTEMBER 28, 1976

1. ON DECEMBER 2 MINISTER DELEGUE OF ECONOMY AND
FINANCE DURAFOUR APPROVED THE LONG-PENDING INVESTMENT
APPLICATIONS OF CENTRONICS AND WANGCO AND DISAPPROVED
THE APPLICATION OF DIGITAL EQUIPMENT COMPANY. EMBASSY
SOUGHT CLARIFICATION FROM PELISSOLO, MINISTRY OF
INDUSTRY DIRECTOR OF ELECTRONIC AND COMPUTER DIRECTION,
WHO PROVIDED FOLLOWING INFORMATION:

A. DECISION ON THREE APPLICATIONS WAS TAKEN BY
MINISTER DURAFOUR PERSONALLY AND WE SHOULD "TALK TO
MINISTER TO FIND OUT WHY HE APPROVED CENTRONICS AND
WANGCO AND DISAPPROVED DIGITAL."

B. MINISTRY OF INDUSTRY WAS OPPOSED TO DIGITAL
INVESTMENT ON GROUNDS THAT PROPOSED PLANT WAS SOLELY
AN ASSEMBLY OPERATION WITH LITTLE VALUE ADDED IN
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FRANCE AND, THUS, NEGLIGIBLE POSITIVE IMPACT ON

FRENCH BALANCE OF PAYMENTS. MINISTRY OF INDUSTRY HAD ON SEVERAL OCCASIONS ASKED DIGITAL TO "IMPROVE" ITS PROPOSAL BY AGREEING TO MANUFACTURE COMPONENTS IN FRANCE; HOWEVER, DIGITAL STEADFASTLY REFUSED.

C. PELISSOLO DECLINED TO SAY WHETHER MINISTRY OF INDUSTRY HAD SUPPORTED OR OPPOSED CENTRONICS AND WANGCO APPLICATIONS.

D. MINISTRY OF INDUSTRY WAS NOT "A PRIORI" OPPOSED TO FOREIGN INVESTMENT IN FRANCE IN ELECTRONIC AND COMPUTER INDUSTRIES; HOWEVER, MINISTRY WOULD EXAMINE APPLICATIONS CLOSELY TO BE SURE PROPOSED INVESTMENTS BROUGHT SOMETHING POSITIVE TO FRANCE.

2. COMMENT.

A. WE ARE, OF COURSE, PLEASED THAT MINFIN AT LEAST, AND AT LAST, APPROVED CENTRONICS AND WANGCO APPLICATIONS, THUS REMOVING CONTENTIOUS ISSUE WHICH HAS BEEN SUBJECT OF NUMEROUS HIGH-LEVEL DEMARCHES BY EMBASSY. WHILE WE DO NOT YET KNOW WHY GOF TOOK SO LONG TO ACT, CONCEIVABLY OUR STRONG INTERVENTION ON BEHALF OF CENTRONICS AND WANGCO ULTIMATELY MAY HAVE HELPED FINALLY TO GET THEM OFF THE DIME. DEPARTMENT WILL RECALL (SEE REFTTEL B) THAT DURING MINECON'S JUNE 29TH CALL ON THEN MINISTER OF FOREIGN COMMERCE BARRE, LATTER INDICATED THAT HE HAD CAREFULLY STUDIED THESE CASES. BARRE, WHO ALSO HOLDS THE MINISTRY OF FINANCE PORTFOLIO, MAY WELL HAVE INSTRUCTED DURAFOR TO GIVE U.S. A HALF A LOAF.

B. WE FIND PELISSOLO'S ARGUMENT FOR OPPOSING DIGITAL'S APPLICATION RATHER THIN. "LE MONDE" ARTICLE REPORTING DISAPPROVAL OF DIGITAL'S APPLICATION INDICATES THAT THE ASSEMBLY PLANT WOULD HAVE INITIALLY EMPLOYED 120 WORKERS, INCREASING TO 1,000 SUBSEQUENTLY. THUS, EVEN ACCEPTING BALANCE OF PAYMENTS ARGUMENT, THE EMPLOYMENT EFFECTS IN THE DEPRESSED AREA OF HAUTE-SAVOIE WOULD APPEAR TO ARGUE STRONGLY IN FAVOR OF LIMITED OFFICIAL USE

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APPROVAL. PELISSOLO DENIED THE "LE MONDE" SUPPOSITION THAT MINISTRY OF INDUSTRY OPPOSITION TO DIGITAL WAS BASED ON DESIRE TO PROTECT THE RECENT CII HONEYWELL-BULL ASSOCIATION.

3. EMBASSY WILL REPORT FURTHER AS DETAILS BECOME AVAILABLE.
RUSH

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